

# SENATE BILL 507

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CF HB 1008

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By: **Senator Middleton**

Introduced and read first time: February 3, 2010

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 6, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Injured Workers' Insurance Fund – Status ~~and~~, Renaming, and Study**

3 FOR the purpose of renaming the Injured Workers' Insurance Fund as the  
4 Chesapeake Employers' ~~Mutual~~ Insurance Company; ~~requiring the Company to~~  
5 ~~be a certain authorized mutual insurer; requiring the Insurance Commissioner~~  
6 ~~to issue and renew certain certificates of authority; altering the provisions of~~  
7 ~~law that apply to the Company that applied to the Fund; specifying that the~~  
8 ~~Company is a statutorily created nonprofit insurer that is not a unit of State~~  
9 ~~government; providing that an employee of the Company is not an employee of~~  
10 ~~the State and is not subject to certain laws; repealing certain provisions relating~~  
11 ~~to the setting of compensation and removal of employees; including certain~~  
12 ~~earnings as assets of the Company; providing that if the Company is placed in~~  
13 ~~conservatorship or receivership or becomes insolvent, the State has no liability~~  
14 ~~or responsibility to certain parties; providing that the State has no interest in~~  
15 ~~the assets of the Company; prohibiting the State from taking certain actions~~  
16 ~~regarding the revenues, money, or assets of the Company; providing that~~  
17 ~~certain employees shall continue as members of certain retirement systems~~  
18 ~~under certain circumstances; providing that certain employees are not members~~  
19 ~~of certain retirement systems under certain circumstances; providing that~~  
20 ~~certain employees may elect to continue as members of certain retirement~~  
21 ~~systems under certain circumstances; requiring that the Company is liable to~~  
22 ~~certain retirement systems under certain circumstances; requiring the~~  
23 ~~Company to notify policyholders of certain cancellations of insurance in~~  
24 ~~accordance with a certain provision of law; repealing the requirement that~~  
25 ~~employees of the Fund are State personnel; providing that the Company is a~~

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~certain qualifying not for profit organization; requiring the Company to pay to the Board of Trustees certain employer contributions; providing that employees who were hired by the Fund on or before a certain date are subject to certain provisions relating to the removal of employees; providing that employees are not subject to certain laws, regulations, or executive orders governing State compensation; providing that the Company is the successor of the Fund; requiring that functions, powers, duties, equipment, assets, liabilities, and employees of the Fund be transferred to the Company; authorizing the Company to trade under the name of the Fund for a certain period of time; requiring the Maryland Insurance Administration to conduct a certain two-part study; requiring the Administration to consult with certain persons; allowing the Administration to retain certain expert consultants; requiring the Administration to report certain findings and recommendations to the General Assembly on or before a certain date; requiring the Department of Budget and Management, in consultation with the State Retirement Agency, to conduct a certain study; requiring the Department to consult with certain persons; requiring the Department to report certain findings and recommendations to the General Assembly on or before a certain date; providing for the applicability of a certain provision; requiring the publisher of the Annotated Code of Maryland, in consultation with the Department of Legislative Services, to correct certain cross-references and terminology; ~~altering certain definitions; making stylistic changes; repealing duplicative provisions; providing for a delayed effective date;~~ and generally relating to the status and renaming of the Injured Workers' Insurance Fund.~~

25 BY repealing and reenacting, without amendments,  
 26 Article – Labor and Employment  
 27 Section 10–101(a), (d), and (f) and 10–130(a)  
 28 Annotated Code of Maryland  
 29 (2008 Replacement Volume and 2009 Supplement)

30 BY repealing and reenacting, with amendments,  
 31 Article – Labor and Employment  
 32 Section 10–101(c) and (e), 10–104 through 10–109, 10–113, 10–114(b),  
 33 10–117, 10–118, 10–120, 10–122(c) through (e), 10–125 through 10–127,  
 34 10–130(b) and (c), 10–133, and 10–135 through 10–138 to be under the  
 35 amended subtitle “Subtitle 1. Chesapeake Employers’ Insurance  
 36 Company”  
 37 Annotated Code of Maryland  
 38 (2008 Replacement Volume and 2009 Supplement)

~~39 BY adding to~~  
~~40 Article – Labor and Employment~~  
~~41 Section 10–119~~  
~~42 Annotated Code of Maryland~~  
~~43 (2008 Replacement Volume and 2009 Supplement)~~

1 BY repealing and reenacting, without amendments,  
 2 Article – State Government  
 3 Section 12–101(a)(1)  
 4 Annotated Code of Maryland  
 5 (2009 Replacement Volume)

6 BY repealing and reenacting, with amendments,  
 7 Article – State Government  
 8 Section 12–101(a)(2)  
 9 Annotated Code of Maryland  
 10 (2009 Replacement Volume)

11 ~~BY repealing and reenacting, with amendments,  
 12 Article – State Personnel and Pensions  
 13 Section 2–512(a), 22–201(a)(8) and (9), and 23–201(a)(17) and (18) and (b)(10)  
 14 and (11)  
 15 Annotated Code of Maryland  
 16 (2009 Replacement Volume and 2009 Supplement)~~

17 ~~BY adding to  
 18 Article – State Personnel and Pensions  
 19 Section 21–307(p), 22–201(a)(10), and 23–201(a)(19) and (b)(12)  
 20 Annotated Code of Maryland  
 21 (2009 Replacement Volume and 2009 Supplement)~~

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article – Labor and Employment**

25 **Subtitle 1. [Injured Workers’ Insurance Fund] CHESAPEAKE EMPLOYERS’**  
 26 **INSURANCE COMPANY.**

27 10–101.

28 (a) In this subtitle the following words have the meanings indicated.

29 (c) “Board” means the Board for the [Injured Workers’ Insurance Fund]  
 30 **CHESAPEAKE EMPLOYERS’ ~~MUTUAL~~ INSURANCE COMPANY.**

31 (d) “Commissioner” means the Maryland Insurance Commissioner.

32 (e) [“Fund” means the Injured Workers’ Insurance Fund] **“COMPANY”**  
 33 **MEANS THE CHESAPEAKE EMPLOYERS’ ~~MUTUAL~~ INSURANCE COMPANY.**

34 (f) “Policyholder” means an employer who holds a policy of insurance under  
 35 this subtitle.

1 10-104.

2 ~~(A)~~ There is [an Injured Workers' Insurance Fund] A **CHESAPEAKE**  
3 **EMPLOYERS' MUTUAL INSURANCE COMPANY.**

4 ~~(B) (1) THE COMPANY SHALL BE AN AUTHORIZED MUTUAL INSURER~~  
5 ~~UNDER TITLE 4 OF THE INSURANCE ARTICLE.~~

6 ~~(2) IN ACCORDANCE WITH TITLE 4 OF THE INSURANCE ARTICLE,~~  
7 ~~THE COMMISSIONER SHALL ISSUE AND RENEW CERTIFICATES OF AUTHORITY~~  
8 ~~TO THE COMPANY TO WRITE WORKERS' COMPENSATION INSURANCE.~~

9 10-105.

10 ~~[(a)]~~ Except for ~~[(Title 3, Subtitle 1,] §§ 3-108, 3-121, 3-121.1, 3-123 AND~~  
11 ~~3-123.1,~~ Title 6, Subtitle 1~~], Title 8, Subtitle 3],~~ and Title 11 of the Insurance Article  
12 and as otherwise provided by law, the [Fund] **COMPANY** is subject to the Insurance  
13 Article to the same extent as an authorized domestic workers' compensation insurer.

14 ~~[(b)]~~ Notwithstanding subsection (a) of this section, the ~~Fund~~ **COMPANY** shall  
15 register with the Commissioner and be subject to the provisions of Title 8, Subtitle 3 of  
16 the Insurance Article if the ~~Fund~~ **COMPANY** operates as an administrator, as defined  
17 in § 8-301 of the Insurance Article.~~]~~

18 10-106.

19 (a) Subject to subsection (b) of this section, the [Fund] **COMPANY** shall  
20 operate ~~[(in a manner similar to)]~~ ~~AS~~ an authorized domestic workers' compensation  
21 insurer.

22 (b) The [Fund] **COMPANY** shall:

23 (1) serve as a competitive insurer in the marketplace;

24 (2) guarantee the availability of workers' compensation insurance in  
25 the State;

26 (3) serve as the workers' compensation insurer of last resort; and

27 (4) engage only in the business of workers' compensation insurance in  
28 accordance with State law.

29 10-107.

1 (a) (1) The [Fund] COMPANY ~~IS A STATUTORILY CREATED~~  
2 ~~NONPROFIT INSURER.~~

3 ~~(2) THE COMPANY IS NOT A UNIT OF STATE GOVERNMENT AND~~ is  
4 independent of all State units.

5 (b) ~~[(1)]~~ Except as ~~OTHERWISE SPECIFICALLY~~ provided in ~~[(~~paragraph (2)  
6 of this subsection and elsewhere in this subtitle~~)] LAW~~, the [Fund] COMPANY is not  
7 subject to any law, including § 6–106 of the State Government Article, that affects  
8 governmental units.

9 ~~[(2)~~ The ~~Fund~~ COMPANY is subject to:

10 (i) Title 10, Subtitle 6, Part III of the State Government Article;

11 (ii) Title 12 of the State Government Article;

12 (iii) the Maryland Public Ethics Law; and

13 (iv) Title 5, Subtitle 3 of the State Personnel and Pensions  
14 Article.

15 (3) Paragraph (1) of this subsection does not affect the exemption from  
16 property tax under § 7–210 of the Tax – Property Article.~~]~~

17 (c) The [Fund] COMPANY is a member of the Property and Casualty  
18 Insurance Guaranty Corporation.

19 10–108.

20 Beginning with calendar year 1994, the calendar year is the fiscal year of the  
21 [Fund] COMPANY.

22 10–109.

23 There is a Board for the [Injured Workers' Insurance Fund] ~~CHESAPEAKE~~  
24 ~~EMPLOYERS' MUTUAL INSURANCE COMPANY.~~

25 10–113.

26 (a) The Board:

27 (1) shall appoint a President of the [Fund] COMPANY;

1 (2) shall appoint or employ attorneys to advise and represent the  
 2 **[Fund] COMPANY** in all legal matters and, where necessary, to sue or defend suits in  
 3 the name of the **[Fund] COMPANY**; and

4 (3) may employ other staff.

5 (b) ~~¶~~(1) Except as provided in paragraph (2) of this subsection, employees  
 6 of the ~~Fund~~ **COMPANY** are special appointments.

7 (2) A classified employee of the Fund hired before July 1, 1990 in a  
 8 nonprofessional or nontechnical position shall remain a member of the classified  
 9 service or its equivalent in the State Personnel Management System as long as the  
 10 employee remains in a nonprofessional or nontechnical position with the **[Fund]**  
 11 ~~EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED BY LAW, AN EMPLOYEE OF~~  
 12 ~~THE COMPANY IS NOT AN EMPLOYEE OF THE STATE AND IS NOT SUBJECT TO~~  
 13 ~~ANY LAW OR REGULATION GOVERNING STATE EMPLOYMENT OR~~  
 14 ~~COMPENSATION~~ **COMPANY**.

15 ~~¶~~(c) (1) ~~Except as otherwise provided by law, the~~ **THE** Board shall set  
 16 compensation for its employees.

17 (2) ~~To the extent practicable, the Board shall set the compensation in~~  
 18 ~~accordance with the State pay plan~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS**  
 19 **SUBTITLE, AN EMPLOYEE OF THE COMPANY IS NOT SUBJECT TO ANY LAW,**  
 20 **REGULATION, OR EXECUTIVE ORDER GOVERNING STATE COMPENSATION,**  
 21 **INCLUDING FURLOUGHS, PAY CUTS, OR ANY OTHER GENERAL FUND COST**  
 22 **SAVINGS MEASURE.**

23 (d) (1) This subsection does not apply to the layoff of an employee because  
 24 of lack of work.

25 (2) A special appointment employee of the ~~Fund~~ **COMPANY** may not  
 26 be permanently removed unless:

27 (i) written charges are filed;

28 (ii) the employee has an opportunity for a hearing in accordance  
 29 with Title 10, Subtitle 2 of the State Government Article; and

30 (iii) there is cause for removal.¶

31 10-114.

32 (b) (1) The Board shall have a plan to promote the services of the **[Fund]**  
 33 **COMPANY** to employers in the State.

1 (2) As part of the plan, the Board may prepare a pamphlet about the  
2 [Fund] COMPANY and provide copies to each county for distribution to businesses  
3 with personal property tax bills.

4 10–117.

5 The Board:

6 (1) shall use the [Fund] COMPANY to insure employers against  
7 liability under Title 9 of this article; and

8 (2) may use the [Fund] COMPANY:

9 (i) to provide employer's liability insurance; and

10 (ii) on behalf of a policyholder, to pay benefits equal to benefits  
11 allowed under:

12 1. a compensation law of another state; or

13 2. a federal compensation law.

14 10–118.

15 (a) The [Fund] ASSETS OF THE COMPANY shall consist of ~~ALL REVENUE~~  
16 ~~RECEIVED BY THE COMPANY INCLUDING:~~

17 (1) premiums for insurance that the [Fund] COMPANY issues;

18 (2) ~~EARNINGS FROM THIRD PARTY ADMINISTRATIVE AND~~  
19 ~~RELATED ACTIVITIES;~~

20 ~~(3)~~ income from investments under § 10–122 of this subtitle; ~~AND~~

21 ~~[(3)] (4)~~ interests on deposits or investments of money from the  
22 [Fund] COMPANY; and

23 (4) the money that the Attorney General collects under § 10–133(c) of  
24 this subtitle on debts; ~~COMPANY.~~

25 (b) The [Fund] ASSETS OF THE COMPANY shall include each security or  
26 other property that is acquired with money of the [Fund] COMPANY.

27 (c) The Board shall use the [Fund] ASSETS OF THE COMPANY to pay all of  
28 the expenses under this subtitle, including losses on insurance that the [Fund]  
29 COMPANY issues.

1 ~~(D) IF THE COMPANY IS PLACED IN CONSERVATORSHIP OR~~  
2 ~~RECEIVERSHIP OR BECOMES INSOLVENT, THE STATE HAS NO LIABILITY OR~~  
3 ~~RESPONSIBILITY TO THE POLICYHOLDERS, PERSONS RECEIVING WORKERS'~~  
4 ~~COMPENSATION BENEFITS, OR THE CREDITORS OF THE COMPANY.~~

5 ~~(E) (1) THE STATE HAS NO INTEREST IN THE ASSETS OF THE~~  
6 ~~COMPANY.~~

7 ~~(2) ALL REVENUES, MONEY, AND ASSETS OF THE COMPANY~~  
8 ~~BELONG SOLELY TO THE COMPANY AND ARE HELD BY THE COMPANY IN TRUST~~  
9 ~~FOR THE POLICYHOLDERS, INJURED WORKERS AND THEIR FAMILIES, AND~~  
10 ~~CREDITORS OF THE COMPANY.~~

11 ~~(F) THE STATE MAY NOT BORROW, APPROPRIATE, OR DIRECT~~  
12 ~~PAYMENTS FROM THE REVENUES, MONEY, OR ASSETS OF THE COMPANY FOR~~  
13 ~~ANY PURPOSE.~~

14 ~~10 119.~~

15 ~~(A) AN EMPLOYEE OF THE COMPANY SHALL CONTINUE TO BE A~~  
16 ~~MEMBER OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF~~  
17 ~~MARYLAND OR THE EMPLOYEES' PENSION SYSTEM OF THE STATE OF~~  
18 ~~MARYLAND IF THE EMPLOYEE HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE~~  
19 ~~AS DEFINED IN § 20 201 OF THE STATE PERSONNEL AND PENSIONS ARTICLE~~  
20 ~~ON OR BEFORE SEPTEMBER 30, 2010.~~

21 ~~(B) AN EMPLOYEE OF THE COMPANY WHO IS HIRED ON OR AFTER~~  
22 ~~OCTOBER 1, 2010, IS NOT A MEMBER OF THE EMPLOYEES' RETIREMENT~~  
23 ~~SYSTEM OF THE STATE OF MARYLAND OR THE EMPLOYEES' PENSION SYSTEM~~  
24 ~~OF THE STATE OF MARYLAND.~~

25 ~~(C) (1) AN EMPLOYEE OF THE COMPANY ON OCTOBER 1, 2010, WHO~~  
26 ~~HAS LESS THAN 5 YEARS OF ELIGIBILITY SERVICE MAY CONTINUE TO BE A~~  
27 ~~MEMBER OF THE EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND~~  
28 ~~IF ON OR BEFORE DECEMBER 31, 2010, THE EMPLOYEE ELECTS, ON A FORM~~  
29 ~~PROVIDED BY THE BOARD OF TRUSTEES OF THE STATE RETIREMENT AND~~  
30 ~~PENSION SYSTEM, TO REMAIN A MEMBER OF THE EMPLOYEES' PENSION~~  
31 ~~SYSTEM OF THE STATE OF MARYLAND.~~

32 ~~(2) IF ON OR BEFORE DECEMBER 31, 2010, AN EMPLOYEE DOES~~  
33 ~~NOT ELECT TO REMAIN A MEMBER OF THE EMPLOYEE'S PENSION SYSTEM;~~

34 ~~(I) THE EMPLOYEE MAY NOT REMAIN A MEMBER OF THE~~  
35 ~~EMPLOYEE'S PENSION SYSTEM OF THE STATE OF MARYLAND; AND~~

1                   ~~(H) THE EMPLOYEE'S ACCUMULATED CONTRIBUTIONS~~  
2 ~~SHALL BE RETURNED TO THE EMPLOYEE, AS PROVIDED IN § 29 502 OF THE~~  
3 ~~STATE PERSONNEL AND PENSIONS ARTICLE.~~

4                   ~~(D) FOR AN EMPLOYEE OF THE COMPANY WHO REMAINS IN THE~~  
5 ~~EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND OR THE~~  
6 ~~EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND, THE COMPANY~~  
7 ~~SHALL BE LIABLE FOR AND SHALL PAY TO THE MARYLAND STATE RETIREMENT~~  
8 ~~SYSTEM THE EMPLOYER'S STATE SHARE OF EMPLOYEE RETIREMENT OR~~  
9 ~~PENSION COSTS, AS PROVIDED IN § 21 307(P) OF THE STATE PERSONNEL AND~~  
10 ~~PENSIONS ARTICLE.~~

11 10–120.

12           (a) The Board shall administer the [Fund] COMPANY.

13           (b) (1) The Board shall prepare capital and operating budgets for the  
14 [Fund] COMPANY.

15           (2) For information only, the Board shall submit the budgets to the  
16 Senate Budget and Taxation Committee and the House Appropriations Committee.

17           (c) The Board shall issue receipts for money that the [Fund] COMPANY  
18 receives.

19 10–122.

20           (c) (1) To assist it in achieving the goal described under subsection (a) of  
21 this section, the Board shall undertake measures to remove any barriers that limit full  
22 participation by minority business enterprises in brokerage and investment  
23 management services opportunities afforded by the [Fund] COMPANY.

24           (2) The measures undertaken by the Board shall include the use of a  
25 wide variety of media, including the Board's website, to provide notice to a broad and  
26 varied range of potential providers about the brokerage and investment management  
27 services opportunities afforded by the [Fund] COMPANY.

28           (d) In conjunction with the Governor's Office of Minority Affairs, the Board  
29 shall develop guidelines to assist it in identifying and evaluating qualified minority  
30 business enterprises in order to help the [Fund] COMPANY achieve the objective for  
31 greater use of minority business enterprises for brokerage and investment  
32 management services.

1 (e) On or before September 1 each year, the Board shall submit a report to  
2 the Governor's Office of Minority Affairs and, subject to § 2-1246 of the State  
3 Government Article, the General Assembly on:

4 (1) the identity of the minority business enterprise brokerage and  
5 investment management services firms used by the Board in the immediately  
6 preceding fiscal year;

7 (2) the percentage and dollar value of the [Fund] COMPANY assets  
8 that are under the investment control of minority business enterprise brokerage and  
9 investment management services firms; and

10 (3) the measures the Board undertook in the immediately preceding  
11 fiscal year in accordance with subsection (c)(2) of this section.

12 10-125.

13 ~~¶(a)¶~~ The [Fund] COMPANY shall be examined by the Commissioner in  
14 accordance with Title 2, Subtitle 2 (Enforcement) of the Insurance Article.

15 ~~¶(b)~~ As part of an examination under § 2-205 of the Insurance Article, the  
16 Commissioner shall, at least once every 5 years, determine whether the Fund's rate  
17 making practices produce actuarially sound rates.¶

18 10-126.

19 (a) Within 90 days after the close of each fiscal year, the Board shall submit  
20 to the Governor an annual report that includes a detailed statement of:

21 (1) the condition and expenses of the [Fund] COMPANY in detail;

22 (2) growth of the [Fund] COMPANY;

23 (3) changes in earned premiums of the [Fund] COMPANY;

24 (4) changes in the number of policyholders of the [Fund] COMPANY;

25 (5) the degree of the [Fund's] COMPANY'S personnel flexibility;

26 (6) trends in the overall market share; and

27 (7) trends in the premium to expense ratio.

28 (b) (1) On or before October 1 of each year, the [Fund] COMPANY shall  
29 submit to the Governor:

1 (i) a copy of each policy form that the [Fund] COMPANY will  
2 use during the next calendar year;

3 (ii) the schedule of premium rates that the [Fund] COMPANY  
4 will charge for the next calendar year;

5 (iii) information about provision for claim payment, as defined in  
6 § 11–330(a) of the Insurance Article, for each class for which the [Fund] COMPANY  
7 writes coverage; and

8 (iv) other information that the Governor requests about  
9 premium rates, including classes, financial information, and losses.

10 (2) (i) Information required under paragraph (1)(ii) through (iv) of  
11 this subsection shall be submitted on the form that the Governor requires.

12 (ii) The form shall conform as closely as possible to the form  
13 that a rating organization uses to comply with §§ 11–307, 11–329, and 11–330 of the  
14 Insurance Article.

15 10–127.

16 If the General Assembly repeals this subtitle, money in the [Fund] COMPANY  
17 at the time of repeal shall be distributed:

18 (1) as the General Assembly provides; or

19 (2) if the General Assembly does not provide for distribution, as justice  
20 requires, with due regard for existing obligations for compensation.

21 10–130.

22 (a) The Board shall adopt a schedule of premium rates in accordance with  
23 sound actuarial practices and shall ensure that the rates are not excessive,  
24 inadequate, or unfairly discriminatory.

25 (b) The Commissioner shall, ~~AT LEAST ONCE EVERY 5 YEARS,~~ review the  
26 [Fund's] COMPANY'S rates as part of an examination under § 2–205 of the Insurance  
27 Article to determine whether the [Fund's] COMPANY'S rate making practices produce  
28 actuarially sound rates.

29 (c) (1) The Board shall determine the schedule by:

30 (i) classifying all of the policyholders on the basis of the  
31 respective level of hazard of their enterprises; and

32 (ii) setting a premium rate for each class on the basis of:

- 1 1. its level of hazard; and
- 2 2. incentives to prevent injuries to employees.

3 (2) To determine the schedule, the Board shall use the rating system  
4 that, in the opinion of the Board:

5 (i) most accurately measures the level of hazard for each  
6 policyholder on the basis of the number of injuries that occur in the enterprises of the  
7 policyholder;

8 (ii) encourages the prevention of injuries; and

9 (iii) ensures the solvency of the [Fund] COMPANY from year to  
10 year.

11 (3) The Board may set minimum premium rates.

12 10–133.

13 (a) The Board shall adopt policies that provide procedures and standards for  
14 the payment of premiums.

15 (b) ~~[(1) Subject to paragraph (2) of this subsection] IN ACCORDANCE~~  
16 ~~WITH § 19-406 OF THE INSURANCE ARTICLE~~, the [Board, the President of the  
17 Fund, or the Executive Vice President of the Fund] COMPANY may:

18 (i) cancel the insurance of a policyholder who fails to pay a  
19 premium due to the [Fund] COMPANY; and

20 (ii) ~~refer to the Attorney General, for] PURSUE~~ collection ~~[.] OF~~  
21 the debt of any policyholder whose insurance is being canceled under this paragraph.

22 ~~[(2) At least 10 days before the date set for cancellation of insurance~~  
23 under this subsection, the Board shall:

24 (i) serve on the policyholder, by personal service or by certified  
25 or registered mail sent to the last known resident address of the policyholder, a notice  
26 of intention to cancel insurance; and

27 (ii) submit a copy of the notice to the Workers' Compensation  
28 Commission's designee.

29 (3) Notice under this subsection may be given:

1 (i) for a policyholder that is a corporation, to an official or other  
2 agent of the corporation on whom legal process may be served; and

3 (ii) for a policyholder that is a partnership, to any partner.

4 (4) Notice under this subsection shall state the date on which the  
5 cancellation is to become effective.

6 (5) Whenever a debt is referred under this subsection for collection,  
7 the insurance may not be reinstated until the debt is paid in full.

8 (c) (1) Whenever a debt is referred under this section for collection, the  
9 Board, the President of the Fund, or the Executive Vice President of the Fund shall  
10 provide the Attorney General with:

11 (i) the name of the policyholder;

12 (ii) each known business or resident address of the policyholder;  
13 and

14 (iii) a statement of the amount that the policyholder owes to the  
15 Fund.

16 (2) The Attorney General may sue, in the name of the Fund, to collect  
17 the debt.‡

18 ~~[(d)] (C) (D)~~ If the [President of the Fund] **COMPANY** considers settlement to  
19 be in the best interest of the [Fund] **COMPANY**, a debt that ~~is~~ **IS** referred under this  
20 section for ~~THE COMPANY IS PURSUING FOR~~ collection may be settled.

21 10-135.

22 (a) The Board may:

23 (1) adopt requirements for uniform payroll; and

24 (2) require each policyholder to conform to the requirements.

25 (b) In accordance with the requirements that the Board adopts, each  
26 policyholder shall submit a report on wages or other documentation to the [Board]  
27 **COMPANY** at intervals that the Board sets.

28 (c) The Board or its authorized employee may inspect at any time the payroll  
29 of a policyholder.

30 (d) ~~¶~~(1) Subject to paragraph (2) of this subsection, [the Board, the  
31 President of the Fund, or the Executive Vice President of the Fund] ~~IN ACCORDANCE~~

1 ~~WITH § 19-406 OF THE INSURANCE ARTICLE,~~ THE COMPANY may cancel the  
2 insurance of a policyholder who:

3 (i) fails to comply with subsection (b) of this section; or

4 (ii) refuses to allow an inspection authorized under subsection  
5 (c) of this section.

6 ¶(2) At least 30 days before the date set for cancellation of insurance  
7 under this subsection, the Board shall:

8 (i) serve on the policyholder, by personal service or by certified  
9 or registered mail sent to the last known resident address of the policyholder, a notice  
10 of intention to cancel insurance; and

11 (ii) submit a copy of the notice to the Workers' Compensation  
12 Commission's designee.

13 (3) Notice under this subsection may be given:

14 (i) for a policyholder that is a corporation, to an official or other  
15 agent of the corporation on whom legal process may be served; and

16 (ii) for a policyholder that is a partnership, to any partner.

17 (4) Notice under this subsection shall state the date on which the  
18 cancellation is to become effective.¶

19 10-136.

20 A policyholder may cancel a policy under this subtitle, if the policyholder:

21 (1) gives the [Fund] COMPANY written notice; and

22 (2) promptly pays all premiums owed to the [Fund] COMPANY.

23 10-137.

24 If the Board considers an account to be uncollectible, the account may be  
25 charged from the books of the [Fund] COMPANY.

26 10-138.

27 (a) Subject to subsection (b) of this section, the [President of the Fund]  
28 COMPANY may settle a claim that the [Fund] COMPANY has against a governmental  
29 unit or person who is alleged to be liable for an accident for which the [Fund]  
30 COMPANY pays compensation.

1 (b) The [President] COMPANY may settle a claim under this section only if:

2 (1) the Workers' Compensation Commission consents; and

3 (2) for a settlement that will prejudice any right of an injured  
4 employee, the employee consents.

5 **Article – State Government**

6 12–101.

7 (a) In this subtitle, unless the context clearly requires otherwise, “State  
8 personnel” means:

9 (1) a State employee or official who is paid in whole or in part by the  
10 Central Payroll Bureau in the Office of the Comptroller of the Treasury;

11 (2) an employee or official of the:

12 (i) Maryland Transportation Authority;

13 (ii) [Injured Workers' Insurance Fund] CHESAPEAKE  
14 EMPLOYERS' INSURANCE COMPANY;

15 (iii)  ~~Maryland Stadium Authority;~~

16  ~~(iv) (III) Maryland Environmental Service;~~

17  ~~(v) (IV) overseas programs of the University College of the~~  
18  ~~University System of Maryland;~~

19  ~~(vi) (V) Maryland Economic Development Corporation;~~

20  ~~(vii) (VI) Maryland Technology Development Corporation;~~

21  ~~(viii) (VII) Maryland African American Museum Corporation;~~

22  ~~(ix) (VIII) Maryland Automobile Insurance Fund;~~

23  ~~(x) (IX) Maryland Health and Higher Educational Facilities~~  
24  ~~Authority;~~

25  ~~(xi) (X) Maryland Agricultural and Resource–Based Industry~~  
26  ~~Development Corporation;~~

1 ~~[(xii)] (XI)~~ Somers Cove Marina Commission; and

2 ~~[(xiii)] (XII)~~ Maryland Workforce Corporation;

3 ~~Article State Personnel and Pensions~~

4 ~~2-512.~~

5 (a) ~~In this section, "qualifying not for profit organization" means an~~  
6 ~~organization that:~~

7 (1) (i) ~~receives State funds from the Department of Health and~~  
8 ~~Mental Hygiene that cover more than one third of the organization's operating~~  
9 ~~expenses; and~~

10 (ii) ~~is:~~

11 ~~1. described in § 501(e)(3) of the Internal Revenue Code;~~  
12 ~~and~~

13 ~~2. exempt from income tax under § 501(a) of the Internal~~  
14 ~~Revenue Code;~~

15 (2) ~~is the Legal Aid Bureau, Inc.; [or]~~

16 (3) ~~is the Maryland Crime Victims' Resource Center; OR~~

17 (4) ~~IS THE CHESAPEAKE EMPLOYERS' MUTUAL INSURANCE~~  
18 ~~COMPANY AND IS EXEMPT FROM INCOME TAX UNDER § 501(C)(27) OF THE~~  
19 ~~INTERNAL REVENUE CODE.~~

20 ~~21-307.~~

21 (P) ~~FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, AND EACH~~  
22 ~~SUBSEQUENT FISCAL YEAR, FOR EACH EMPLOYEE OF THE CHESAPEAKE~~  
23 ~~EMPLOYERS' MUTUAL INSURANCE COMPANY WHO REMAINS A MEMBER OF THE~~  
24 ~~EMPLOYEES' RETIREMENT SYSTEM OR THE EMPLOYEES' PENSION SYSTEM~~  
25 ~~UNDER § 10-119 OF THE INSURANCE ARTICLE, THE CHESAPEAKE EMPLOYERS'~~  
26 ~~MUTUAL INSURANCE COMPANY SHALL PAY TO THE BOARD OF TRUSTEES THE~~  
27 ~~EMPLOYER CONTRIBUTIONS THAT WOULD OTHERWISE BE REQUIRED TO BE~~  
28 ~~PAID BY THE STATE ON BEHALF OF THE MEMBER.~~

29 ~~22-201.~~

30 (a) ~~Except as provided in subsection (b) of this section, §§ 22-202 through~~  
31 ~~22-204 of this subtitle apply only to:~~

1 ~~(8) a court reporter for the Circuit Court for Charles County who is a~~  
 2 ~~member of the Employees' Retirement System on July 1, 1994; [and]~~

3 ~~(9) a staff employee of the University System of Maryland, Morgan~~  
 4 ~~State University, or St. Mary's College who is a member of the Employees' Retirement~~  
 5 ~~System as of January 1, 1998; AND~~

6 ~~(10) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL~~  
 7 ~~INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010, IS A MEMBER OF THE~~  
 8 ~~EMPLOYEES' RETIREMENT SYSTEM AND HAS MORE THAN 5 YEARS OF~~  
 9 ~~ELIGIBILITY SERVICE.~~

10 ~~23-201.~~

11 ~~(a) Except as provided in subsection (b) of this section, §§ 23-203 through~~  
 12 ~~23-205 of this subtitle apply only to:~~

13 ~~(17) an employee of the Town of Sykesville on or after the date that the~~  
 14 ~~Town of Sykesville begins participation in the Employees' Pension System; [and]~~

15 ~~(18) an employee of the Town of University Park on or after the date~~  
 16 ~~that the Town of University Park begins participation in the Employees' Pension~~  
 17 ~~System; AND~~

18 ~~(19) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL~~  
 19 ~~INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010:~~

20 ~~(i) IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM;~~  
 21 ~~AND~~

22 ~~(ii) 1. HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE;~~  
 23 ~~OR~~

24 ~~2. HAS LESS THAN 5 YEARS OF ELIGIBILITY~~  
 25 ~~SERVICES AND ON OR BEFORE DECEMBER 31, 2010, ELECTS TO REMAIN A~~  
 26 ~~MEMBER OF THE EMPLOYEES' PENSION SYSTEM UNDER § 10-119 OF THE~~  
 27 ~~INSURANCE ARTICLE.~~

28 ~~(b) Sections 23-203 through 23-205 of this subtitle do not apply to:~~

29 ~~(10) an appointed or elected official who on or after July 1, 2007, is a~~  
 30 ~~member of any other State or local retirement or pension system as defined under~~  
 31 ~~Title 37 of this article; [or]~~

1           ~~(11) the Director of the Department of Social Services in Montgomery~~  
2 ~~County who:~~

3                   ~~(i) was transferred into the State Personnel Management~~  
4 ~~System as an employee of the Social Services Administration of the Maryland~~  
5 ~~Department of Human Resources;~~

6                   ~~(ii) elected, under § 3-403.1 of the Human Services Article, to~~  
7 ~~remain as a participant in the Montgomery County Employees' Retirement System;~~  
8 ~~and~~

9                   ~~(iii) remains as an employee of the Social Services~~  
10 ~~Administration of the Maryland Department of Human Resources; OR~~

11           ~~(12) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL~~  
12 ~~INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010:~~

13                   ~~(i) IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM;~~  
14 ~~AND~~

15                   ~~(ii) HAS LESS THAN 5 YEARS OF ELIGIBILITY SERVICE AND~~  
16 ~~ON OR BEFORE DECEMBER 31, 2010, DOES NOT ELECT TO REMAIN A MEMBER~~  
17 ~~OF THE EMPLOYEES' PENSION SYSTEM UNDER § 10-119 OF THE INSURANCE~~  
18 ~~ARTICLE.~~

19           ~~SECTION 2. AND BE IT FURTHER ENACTED, That notwithstanding the~~  
20 ~~changes made to § 10-113 of the Labor and Employment Article, employees who were~~  
21 ~~hired by the Injured Workers' Insurance Fund on or before October 1, 2010, are~~  
22 ~~subject to the following provisions:~~

23                   ~~(a) An employee of the Chesapeake Employers' Mutual Insurance~~  
24 ~~Company may not be permanently removed unless:~~

25                           ~~(i) written charges are filed;~~

26                           ~~(ii) the employee has an opportunity for a hearing in accordance~~  
27 ~~with Title 10, Subtitle 2 of the State Government Article; and~~

28                           ~~(iii) there is a cause for removal.~~

29                   ~~(b) This section does not apply to the layoff of an employee because of~~  
30 ~~lack of work.~~

31           ~~SECTION 2. AND BE IT FURTHER ENACTED, That, as:~~

32           ~~(a) As provided in this Act, the Chesapeake Employers' Mutual Insurance~~  
33 ~~Company is the successor of the Injured Workers' Insurance Fund, the Board for the~~

1 Chesapeake Employers' ~~Mutual~~ Insurance Company is the successor of the Board for  
2 the Injured Workers' Insurance Fund, and the President of the Chesapeake  
3 Employers' ~~Mutual~~ Insurance Company is the successor of the President of the Injured  
4 Workers' Insurance Fund. In every law, executive order, rule, regulation, policy or  
5 document created by an official, employee or unit of this State, the names and titles of  
6 those agencies and officials mean the names and titles of the successor agency or  
7 official, as provided in this Act.

8 (b) Notwithstanding any other provision of this Act, the Chesapeake  
9 Employers' Insurance Company may trade under the name Injured Workers'  
10 Insurance Fund for up to one year after the effective date of this Act.

11 ~~SECTION 4. AND BE IT FURTHER ENACTED, That, as of the effective date of~~  
12 ~~this Act, all the functions, powers, duties, equipment, assets, liabilities, and employees~~  
13 ~~of the Injured Workers' Insurance Fund shall be transferred to the Chesapeake~~  
14 ~~Employers' Mutual Insurance Company.~~

15 SECTION 3. AND BE IT FURTHER ENACTED, That:

16 (1) The Maryland Insurance Administration shall conduct a two-part  
17 study of the Chesapeake Employers' Insurance Company. The first part of the study  
18 shall determine the extent to which the Company should be subject to the premium  
19 tax, as specified under subsection (2) of this section. The second part of the study shall  
20 determine the extent to which the State has an interest in the assets of the Company.

21 (2) The premium tax part of the study shall evaluate whether the  
22 Company should be subject to the 2% tax or a lesser amount in light of the  
23 Chesapeake Employers' Insurance Company's role under § 10-106 of the Labor and  
24 Employment Article. The Maryland Insurance Administration shall consider the  
25 impact on Maryland businesses and local government, the premium rates for  
26 employers who cannot obtain workers' compensation insurance from any insurer other  
27 than the Chesapeake Employers' Insurance Company, and on the Chesapeake  
28 Employers' Insurance Company ability to fulfill its statutory mission as an insurer of  
29 last resort and a competitive insurer. The Maryland Insurance Administration shall  
30 also consider the fact that the Company is exempt from being a member of a workers'  
31 compensation rating organization and is limited to engaging in one line of business  
32 and in only one state.

33 (3) In conducting the two-part study, the Maryland Insurance  
34 Administration:

35 (i) shall consult with the Chesapeake Employers' Insurance  
36 Company, other insurers offering workers' compensation insurance in the State, the  
37 business community, and State and local governments; and

38 (ii) may retain expert consultants at the Chesapeake  
39 Employers' Insurance Company's expense.

1           (4) On or before December 1, 2010, the Maryland Insurance  
 2 Administration shall report its findings and recommendations to the Governor and, in  
 3 accordance with § 2–1246 of the State Government Article, the General Assembly.

4           SECTION 4. AND BE IT FURTHER ENACTED, That:

5           (1) The Department of Budget and Management, in consultation with  
 6 the State Retirement Agency, shall conduct a study to determine the fairest and most  
 7 effective way to phase out the Chesapeake Employers' Insurance Company's  
 8 participation in the Maryland State Retirement and Pension System.

9           (2) The study shall consider whether it is feasible to allow current  
 10 employees who have vested rights to remain in the system while excluding newly  
 11 hired employees from participating in the system.

12           (3) In conducting the study, the Department of Budget and  
 13 Management shall consult with the Chesapeake Employers' Insurance Company and  
 14 may consult with any other appropriate entity.

15           (4) On or before December 1, 2010, the Department of Budget and  
 16 Management shall report its findings and recommendations to the Governor and, in  
 17 accordance with § 2–1246 of the State Government Article, the General Assembly.

18           SECTION 5. AND BE IT FURTHER ENACTED, That the publisher of the  
 19 Annotated Code of Maryland, in consultation with and subject to the approval of the  
 20 Department of Legislative Services, shall correct, with no further action required by  
 21 the General Assembly, cross–references and terminology rendered incorrect by this  
 22 Act. The publisher shall adequately describe any such correction in an editor's note  
 23 following the section affected.

24           SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 25 October 1, ~~2011~~ 2010.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.